GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:4308
ANSWERED ON:21.04.2003
AGRICULTURE LAND AS COLLATERAL SECURITY
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether some of the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of SecurityInterest Act recently passed by the Parliament are detrimental to the interests of certain agro-based industries because there is every likelihood of banks refusing the agricultural land as collateral security;

(b) if so, the details thereof; and

(c) the steps taken/to be taken by the Government to safeguard the interests of small entrepreneurs in the light of this controversy?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF AGRO AND RURAL INDUSTRIES (SHRI SANJAY GAUTAM)

(a) & (b): While it is correct that the stringent provisions of Securitisation and reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 are not applicable to any security interest created in agricultural land, the `agricultural land` would, however continue to be accepted by banks as collateral security and would be subject to realization as per provisions of Civil Procedure Code etc.

(c): To safeguard the interests of small entrepreneurs, the provisions of Securitisation and Reconstruction of FinancialAssets and Enforcement of Security Interest Act 2002, extends to loan exceeding a sum of Rs. 1 lakh only.